

**Testimony of David Sutherland – Director of Government Relations
Before the Environment Committee – March 4th, 2009**

**In Opposition to Bill 794
AAC The Regional Greenhouse Gas Initiative And Electric Ratepayer Relief.**

I am here today to express The Nature Conservancy's opposition to Bill 794, which would enable a Governor's administration to utilize some or all of the revenues from the Regional Greenhouse Gas Initiative (RGGI) for a "ratepayer relief" program.

Background on RGGI Program: The RGGI program was launched last fall by 10 Northeastern states as a "cap and trade" program for emissions of greenhouse gasses by large electricity producers. Under RGGI, caps (limits) will be established for the region's, each individual state's, and each facility's emissions and will then be reduced by 2.5% annually from 2015-2018. Facilities will need allowances (credits) for each ton of carbon dioxide they emit. They can purchase these allowances in periodic regional auctions and, if they are able to reduce their emissions, they can trade or sell surplus allowances to other facilities. Many believe that cap and trade programs more effectively reduce emissions and encourage and reward emission reduction technology and innovation than traditional pollution control regulatory programs.

In 2007, this legislature took a critically important approach, when it approved the RGGI program for Connecticut, by mandating that at least 92.5% of the revenues from the RGGI program be directed towards energy efficiency programs and initiatives. RGGI will provide a critical function in requiring reductions in carbon emissions, reductions that are essential if we are to avoid the most catastrophic effects of climate change. Such reductions will not be possible, however, unless we also ensure that energy efficiency is a fundamental, pervasive, and very well-funded component of all aspects of our society. Energy efficiency programs are crucial to the health of our climate, but they are also absolutely essential to our economic health.

Providing significant additional funding for these types of initiatives is an integral aspect of the RGGI program. And it will be an economically rewarding aspect as well. Every dollar spent on Connecticut efficiency programs saves ratepayers four dollars.

Last summer, despite opinions by the Attorney General and legislative attorneys that the provision was illegal, the Regulation Review Committee, by a 7-6 vote, adopted the Governor's proposal for a ratepayer relief provision in the RGGI regulations. A Hartford Courant editorial before the vote noted "...the Governor's rebate would amount to a few cents off the average homeowner's bill. Ratepayers need relief; Mrs. Rell's rebate hardly qualifies. Instead, homes and businesses will be able to reduce their energy bills if the auction proceeds are invested into programs that reduce demand for fossil fuels. Reducing demand also will save money by keeping those costly and polluting "peaking" plants offline."

The best way to provide relief for ratepayers is to significantly increase funding for our over-subscribed energy efficiency programs. Please reject this proposal.